GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6147
ANSWERED ON:27.04.2001
RECOVERY OF DEBT
ANNA SAHEB M.K. PATIL

Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to enact another legislation to replace the `Recovery of Debts due to Banks and Financial Institutes Act, 1993` in view of recent judgement of Hon`ble Karnataka High Court in which this Act has been struck down;

(b) if so, the details thereof; (

(c) whether the Government have issued guidelines to banks to set new debt norms;

(d) if so, the details thereof; and

(e) the manner in which these norms will be useful in bringing down NPAs of the Banks?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a): There is no proposal to enact another legislation to replace `The Recovery of Debts Due to Banks and Financial Institutions Act, 1993`.

(b): Does not arise.

(c),(d) and (e): Reserve Bank of India has reported that no guidelines have been issued to banks for debt restructuring.However, guidelines have been issued to the banks on treatment of restructured accounts. These guidelines provide for revised norms for restructuring/rescheduling/renegotiation of the terms of the loan agreement for standard and sub-standard category of assets so that these assets do not shift to lower category of NPA.